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HIGH-TECHNOLOGY INVESTMENT  
TAX CREDIT WORKSHEET INSTRUCTIONS

This credit is available to taxpayers engaged in high-technology activity that purchase and use eligible equipment or that lease eligible equipment from a lessor.

**High-technology activity** includes the design, creation and production of computer software, computer equipment, supporting communications components and other accessories that are directly associated with computer software and equipment. It also includes the provision of Internet access services and advanced telecommunications services.

**Eligible equipment** includes computer equipment, electronic components and accessories, communication equipment and computer software placed into service in Maine. Eligible equipment must be used in a high-technology activity. Eligible equipment used in wire line telecommunications must be capable of transmitting data at 200 kilobits or more per second in at least one direction. Eligible equipment used in wireless telecommunications must be capable of transmitting data at 42 kilobits or more per second in at least one direction.

For taxpayers that purchase and use eligible equipment, the credit is equal to the investment credit base of eligible equipment that was placed into service in Maine during the tax year. The **investment credit base** is the adjusted basis of the equipment on the date that the equipment was placed into service in Maine for the first time. For purposes of calculating the adjusted basis, depreciation is determined by multiplying the annual depreciation amount by the percentage relating to the time-of-use in Maine (number of days the equipment was in service in Maine divided by the total number of days the equipment was in service during the tax year).

Taxpayers that purchase and lease eligible equipment to lessees may claim the credit only if the lessee waives its right to claim the credit. Whether the credit is claimed by the purchaser or the lessee, the equipment must be eligible equipment used in a high-technology activity. The credit amount claimed must be net of any lease payments received during the tax year.

For taxpayers that lease eligible equipment from a lessor, the credit is equal to the lease payments made on the equipment during the taxable year. Lessees that sub-lease eligible equipment may claim the credit only if the sub-lessee waives its right to claim the credit. Whether the credit is claimed by the lessee or sub-lessee, the equipment must be eligible equipment used in a high-technology activity. If the credit is claimed by the lessee, the credit amount must be net of any lease payments received during the tax year. If the eligible equipment is depreciable by the lessee or sub-lessee, the credit amount is based on that person's investment credit base of the eligible equipment.

The credit (including carryforward amounts) is limited to the tax liability of the taxpayer and may not reduce the tax liability of the current year to less than the tax liability of the previous year after all other credits. In addition, the credit may not be used to reduce the tax liability of the taxpayer by more than \$100,000 after the allowance of all other credits except the Family Development Account Reserve Fund Credit (36 M.R.S.A. § 5216-C) and the Super Research Credit (36 M.R.S.A. § 5219-L).

Generally, unused credit amounts may be carried forward for up to 5 taxable years. However, unused credits for tax years ending prior to January 1, 2001 may be carried forward for up to 10 years if the unused credit amount relates to equipment meeting the definition of eligible equipment in effect for tax years beginning on or after January 1, 2001 (*see* definition above). The amount carried forward in accordance with this rule that may be used in any one tax year is limited to \$100,000. However, if the taxpayer's investment credit base for the taxable year is less than \$100,000, the amount of the carryforward that may be used is \$100,000 plus the difference between \$100,000 and the taxpayer's investment credit base for the taxable year, but not more than \$200,000. The total credit claimed, however, may not reduce the tax liability below that of the previous year after all other credits and may not reduce the tax liability of the current year to below zero.

Special rules apply to corporations filing a combined return.

In the case of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.), the partners, members, shareholders, beneficiaries, etc., are allowed a credit in proportion to their respective interest in these entities. Attach a schedule showing the credit generated by the pass-through entity and the assignment/distribution to each partner, shareholder, beneficiary, etc. Include the name, address, and federal ID number of the pass-through entity on the schedule and the name and SSN/EIN of each partner, shareholder, beneficiary, etc.

**SPECIFIC LINE INSTRUCTIONS**

Enter taxpayer name and employer identification number ("EIN") or social security number ("SSN").

- Line 1. Enter any unused tax credit amounts from previous years. Read the general instructions above before making an entry on this line. Enclose an explanation or schedule to verify the amount entered on this line.
- Line 2. Enter the investment credit base for eligible equipment placed into service in Maine during the taxable year. Read the general instructions above before making an entry on this line. Enclose a schedule listing the eligible equipment used to calculate the investment credit base.



2001  
HIGH-TECHNOLOGY INVESTMENT  
TAX CREDIT WORKSHEET  
36 M.R.S.A. § 5219-M

TAXPAYER NAME: \_\_\_\_\_ EIN/SSN: \_\_\_\_\_

**Note: Owners of pass-through entities (partnerships, LLCs, S corporations, trusts, etc.) making an eligible investment, see instructions.**

1. Carryforward from previous year..... \_\_\_\_\_
2. **Investment credit base** for eligible equipment placed into service in Maine during the tax year or lease payments made during the tax year for eligible equipment. See instructions..... \_\_\_\_\_
3. Less lease payments received during the tax year. Note: The lessor may claim a credit on the eligible equipment only if the lessee waives its right to claim the credit..... \_\_\_\_\_
4. **Total credit available this year.** Line 1 plus line 2 minus line 3.  
(Corporations enter here and on Form 1120ME, Schedule C, line 29i, gross credit amount)..... \_\_\_\_\_
5. 2001 tax less other credits (Form 1120ME, line 7c minus other credits claimed on Schedule C, or Form 1040ME, line 23 minus other credits claimed on Schedule A)..... \_\_\_\_\_
6. 2000 tax less other credits (Form 1120ME, line 7c minus line 8c except the High-Technology credit, or Form 1040ME line 26 plus Schedule A, line 18)..... \_\_\_\_\_
7. Subtract line 6 from line 5 and enter the difference here..... \_\_\_\_\_
8. **Credit Amount.** Enter the lesser of line 4, line 7 or \$100,000. In some cases, the maximum allowable credit is \$200,000, depending on the allowable carryforward on line 1. Read the general instructions on reverse side regarding carryforward amount before making an entry on this line. (Enter allowable credit on Form 1120ME, Schedule C, line 29i or Form 1040ME, Schedule A, line 18)..... \_\_\_\_\_